

Message Text

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PAGE 01 STATE 227780

21

ORIGIN OPIC-06

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

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E.O. 11652: N/A

TAGS: EFIN, EINV, EG

SUBJECT: STATUS OF INQUIRIES FOR OPIC INSURANCE IN EGYPT

REF: (A) CAIRO 7251 (B) CAIRO 7779

1. MORE U.S. INVESTORS HAVE INQUIRED ABOUT AVAILABILITY OF OPIC INSURANCE FOR PROJECTS IN EGYPT DURING THE LAST TWO MONTHS THAN IN ANY OTHER COUNTRY IN THE WORLD. SINCE RE-ACTIVATION OF THE BILATERAL AGREEMENT WITH GOE APPROXIMATELY 24 U.S. INVESTORS HAVE DISCUSSED TENTATIVE PLANS TO INVEST IN EGYPT. OPIC HAS ISSUED REGISTRATIONS TO 8 INVESTORS FOR 14 PROJECTS IN WHICH U.S. INVESTMENT SOUGHT TO BE INSURED TOTALS 406,000,000 DOLS (U.S.). HOWEVER, 240,000,000 DOLS (U.S.) OUT OF THE 406,000,000 DOLS (U.S.) CONSISTS OF 5 PROJECTS BY ONE U.S. INVESTOR WHICH MAY NOT HAVE SUFFICIENT FINANCIAL RESOURCES TO ENGAGE IN ALL OF THEM. ALSO, 55,000,000 DOLS (U.S.) OUT OF THE 406,000,000 DOLS (U.S.) REPRESENTS C.F. BEAN CORPORATION'S SUEZ CANAL PROJECT. THE 14 PROJECTS INCLUDE CEMENT, GLASS, FOOD PROCESSING, OIL EXPLORATION, PETRO-CHEMICALS, TOURIST FACILITIES, PLASTICS, WALL BOARD, AND A STEEL MILL.

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PAGE 02 STATE 227780

2. THE 16 U.S. INVESTORS WHICH HAVE INQUIRED ABOUT OPIC

INSURANCE BUT WHICH HAVE NOT YET REQUESTED OPIC REGISTRATION, CONTEMPLATE U.S. INVESTMENTS TOTALING OVER 500,000,000 DOLS (U.S.). THESE PROJECTS INCLUDE PHARMACEUTICALS, BANKS, TEXTILES, ASSEMBLY, PETRO-CHEMICALS, TIRES, GLASS, RAZOR BLADES, OIL REFINERIES, OIL EXPLORATION, AND PHOSPHATES.

3. IT IS TOO EARLY AT THIS TIME TO PREDICT HOW MUCH INVESTMENT WILL RESULT FROM THIS FLURRY OF ACTIVITY. IF ALL OF THE INVESTMENTS ARE MADE, TOTAL FOREIGN INVESTMENT IN EGYPT WOULD EXCEED 2 BILLION DOLS (U.S.) SINCE MOST INVESTORS ARE SEEKING EQUITY AND DEBT PARTICIPATION FROM ARABIAN GULF, PETRO-DOLLAR SOURCES. HOWEVER, MANY PROJECTS WILL FALL BY THE WAYSIDE SINCE MANY OF THEM ARE OF THE MOST TENTATIVE NATURE. OPIC'S EXPERIENCE IN OTHER SIMILAR SITUATIONS WOULD INDICATE THAT ONLY 10 TO 25 PERCENT OF THE AMOUNT OF INITIAL REGISTRATIONS EVENTUALLY RESULT IN ACTUAL INVESTMENT.

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